

TESTIMONY OF CHARLES J. WILLOUGHBY, INSPECTOR GENERAL

**BEFORE THE
COUNCIL OF THE DISTRICT OF COLUMBIA
COMMITTEE ON GOVERNMENT OPERATIONS**

FISCAL YEAR 2013 BUDGET REVIEW

APRIL 18, 2012

GOOD AFTERNOON CHAIRPERSON BOWSER AND MEMBERS OF THE COMMITTEE. I AM CHARLES J. WILLOUGHBY, INSPECTOR GENERAL, AND I AM PLEASED TO TESTIFY TODAY CONCERNING THE PROPOSED FISCAL YEAR (FY) 2013 BUDGET REQUEST FOR THE OFFICE OF THE INSPECTOR GENERAL (OIG). WITH ME TODAY TO ASSIST IN THE PRESENTATION OF THE BUDGET REQUEST IS RANEE PHILLIPS, OUR BUDGET OFFICER.

AGENCY MISSION

THE MISSION OF THE OFFICE OF THE INSPECTOR GENERAL IS TO CONDUCT INDEPENDENT AUDITS, INVESTIGATIONS, AND INSPECTIONS TO DETECT AND PREVENT FRAUD, WASTE, ABUSE, AND MISMANAGEMENT, AND TO HELP THE DISTRICT OF COLUMBIA GOVERNMENT IMPROVE ITS PROGRAMS AND OPERATIONS BY PROMOTING ECONOMY, EFFICIENCY, AND EFFECTIVENESS.

BUDGET OVERVIEW

OUR TOTAL REQUESTED OPERATING BUDGET FOR FY 2013, WHICH WOULD SUPPORT 112 FTEs, IS \$15.7 MILLION. WHEN COMPARED TO OUR FY 2012 APPROVED GROSS OPERATING BUDGET OF \$15.4 MILLION, THIS REPRESENTS AN INCREASE OF \$261 THOUSAND WITHIN THE LOCAL BUDGET, AND LESS THAN 1 PERCENT GROWTH, OR \$31,350, IN THE FEDERAL BUDGET.

THE GROSS BUDGET AMOUNT OF \$15.7 MILLION IS COMPRISED OF \$13.3 MILLION IN LOCAL FUNDS AND \$2.4 MILLION IN FEDERAL GRANT FUNDS (AN INCREASE OF \$292,350). THE GRANT FUNDS SUPPORT 17 FTEs, OR 75 PERCENT OF THE COSTS ASSOCIATED WITH THE OPERATION OF THE MEDICAID FRAUD CONTROL UNIT (MFCU) WITHIN THE OFFICE. THE LOCAL BUDGET SUPPORTS 95 FTEs, AS WELL AS THE COST OF CONTRACTING FOR THE AUDIT OF THE DISTRICT'S COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR). THE COST OF THE CAFR NEXT YEAR IS BUDGETED AT \$3 MILLION.

ALLOCATION OF FUNDS

THE OFFICE OF THE INSPECTOR GENERAL IS A PERFORMANCE-BASED BUDGET AGENCY THAT ALLOCATES FUNDING FOR THE FOLLOWING SPECIFIC PROGRAMS:

- **THE ACCOUNTABILITY, CONTROL, AND COMPLIANCE PROGRAM**

WILL HAVE A FUNDED BUDGET OF \$7.6 MILLION, AN INCREASE OF \$114 THOUSAND OVER THE FY 2012 APPROVED BUDGET OF \$7.5 MILLION. THE INCREASE OF \$104 THOUSAND IN PERSONAL SERVICES COVERS WITHIN-GRADE INCREASES AND FRINGE BENEFITS ADJUSTMENTS. NON-PERSONAL SERVICES INCREASED BY 2 PERCENT, OR \$10 THOUSAND, DUE TO THE RATE OF INFLATION. THIS BUDGET SUPPORTS 45 FTEs.

- **THE LAW ENFORCEMENT PROGRAM** WILL HAVE A FUNDED BUDGET OF \$6.0 MILLION. THIS PROGRAM IS COMPRISED OF \$3.6 MILLION IN LOCAL FUNDS, WHICH IS AN INCREASE OF \$65 THOUSAND OVER THE FY 2012 APPROVED LOCAL FUND BUDGET. INCREASES TO THE LOCAL FUND BUDGET CONSIST OF \$53 THOUSAND IN PERSONAL SERVICES IN SUPPORT OF WITHIN-GRADE INCREASES AND FRINGE BENEFITS RATE ADJUSTMENTS. NON-PERSONAL SERVICES INCREASED BY \$12 THOUSAND, DUE TO THE RATE OF INFLATION. THIS PROGRAM ALSO INCLUDES \$2.4 MILLION IN FEDERAL GRANT FUNDS TO SUPPORT THE MEDICAID FRAUD CONTROL UNIT. FEDERAL FUNDS WERE INCREASED BY \$31,350 OVER THE FY 2012 APPROVED BUDGET. THE GROSS BUDGET FOR THIS PROGRAM SUPPORTS 51 FTEs.

- **THE AGENCY MANAGEMENT PROGRAM** WILL HAVE A FUNDED BUDGET OF \$2.1 MILLION, WHICH IS AN INCREASE OF \$82 THOUSAND OVER THE FY 2012 APPROVED BUDGET OF \$2 MILLION FOR THIS

PROGRAM. PERSONAL SERVICES INCREASED BY \$38 THOUSAND AND NON-PERSONAL SERVICES INCREASED BY \$44 THOUSAND (TO SUPPORT OFFICE EQUIPMENT MAINTENANCE CONTRACTS). THIS BUDGET SUPPORTS 16 FTEs.

THE NONDISCRETIONARY BUDGET

A BRIEF ANALYSIS OF THE OIG BUDGET REVEALS THAT SEVERAL MILLION DOLLARS OF OUR FUNDING IS DESIGNATED FOR MANDATED ACTIVITIES. FUNCTIONS REQUIRED BY LAW INCLUDE THE FOLLOWING:

- AUDIT OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)
- AUDIT OF THE HIGHWAY TRUST FUND
- AUDIT OF PROCUREMENT AND CONTRACT ADMINISTRATION
- AUDIT OF THE HOME PURCHASE ASSISTANCE FUND
- AUDIT OF THE HIGHWAY TRUST FUND 5-YEAR FORECAST
- AUDIT OF THE WEST END LIBRARY AND FIRE STATION MAINTENANCE FUND
- AUDIT OF SPECIAL EDUCATION ATTORNEY CERTIFICATIONS
- AUDIT OF THE OFFICE OF TAX AND REVENUE FOR THE PURPOSES OF EXAMINING THE DISTRICT'S MANAGEMENT AND VALUATION OF COMMERCIAL REAL PROPERTY ASSESSMENTS

- MAINTENANCE OF A LIVE COMPLAINT HOTLINE
- REFERRAL OF CRIMINAL ALLEGATIONS TO THE U.S. ATTORNEY'S OFFICE FOR POSSIBLE PROSECUTION AND CONDUCTING INVESTIGATIONS AS NECESSARY
- FRAUD AND ABUSE INVESTIGATIONS AND PROSECUTIONS REGARDING OR RELATED TO THE DISTRICT'S MEDICAID PROGRAM

EFFECT OF BUDGET CUTS

OVER THE MOST RECENT BUDGET CYCLES, THE OIG HAS SHARED IN CITYWIDE CUTS THAT SIGNIFICANTLY REDUCED ITS OPERATIONAL FUNDING IN THE PROPOSED BUDGET. OUR BUDGET RECOGNIZED THE NEED TO ACQUIRE, TRAIN, AND RETAIN A COMPETENT AND COMPETITIVE PROFESSIONAL STAFF. CUTS IN FUNDING AND PERSONNEL EXACERBATE THE CONTINUING PROBLEM OF ACCOMPLISHING BOTH PLANNED WORK AND EMERGING WORK REQUESTED BY DISTRICT AGENCY DIRECTORS, COUNCILMEMBERS, THE EXECUTIVE, AND STAKEHOLDERS.

A MAJOR PORTION OF THE OIG BUDGET IS CONSUMED BY RESPONSIBILITIES MANDATED BY STATUTE, AND OUR RESULTS IN THIS AREA INCREASE EACH YEAR. IN THE LAST FISCAL YEAR, CASES IN OUR INVESTIGATIONS DIVISION RESULTED IN 25 ARRESTS, 2 INDICTMENTS, 20 CONVICTIONS, 33 SENTENCES, AND THE ISSUANCE OF 210 SUBPOENAS. IN ADDITION, OIG INVESTIGATIONS

RESULTED IN MORE THAN \$500,000 IN RESTITUTION ORDERS AND RECOVERIES. FURTHER, IN FY 2011, THE OIG INVESTIGATIONS DIVISION ISSUED 10 REPORTS OF INVESTIGATION CONTAINING A TOTAL OF 32 RECOMMENDATIONS, 6 MANAGEMENT ALERT REPORTS, 24 SIGNIFICANT ACTIVITY REPORTS, AND 31 INVESTIGATIVE REFERRALS. THE OIG INVESTIGATIONS DIVISION ALSO CONTINUED ITS REFERRAL PROGRAM, WHICH RESULTED IN 379 REFERRALS TO OTHER GOVERNMENT AGENCIES. FINALLY, THE OIG INVESTIGATIONS DIVISION CONDUCTED REGULAR OUTREACH WITH OTHER DISTRICT GOVERNMENT EMPLOYEES IN THE FORM OF CORRUPTION PREVENTION LECTURES.

DURING FY 2011, THE MFCU ADDRESSED MORE THAN 2,837 REPORTS OF POSSIBLE ABUSE OR NEGLECT AT NURSING AND GROUP HOMES, OBTAINED 5 CONVICTIONS INVOLVING ABUSE OF ELDERLY AND VULNERABLE PERSONS, AND RECOVERED MORE THAN \$2.5 MILLION IN RESTITUTION TO THE MEDICAID PROGRAM THROUGH CIVIL AND CRIMINAL RESOLUTIONS. THE MFCU INCREASED ITS STAFFING COMPLEMENT BY TWO STAFF MEMBERS IN FY 2011 TO ASSIST WITH THE CASE WORK ASSOCIATED WITH THE MORE THAN 300 OPEN *QUI TAM* MATTERS. THESE CASES OFTEN RESULT IN SETTLEMENTS THAT RETURN DOLLARS TO THE MEDICAID PROGRAM. IN FY 2011, THE MFCU RECOUPED MORE THAN \$2.44 MILLION FROM *QUI TAM* CASES.

DISCRETIONARY WORK CONDUCTED UNDER THE OIG'S COMPLIANCE PROGRAM IS ALSO SIGNIFICANT. FOR EXAMPLE, THE AUDIT DIVISION HAS

ALIGNED ITS AUDIT UNITS TO ADDRESS HIGH - RISK AREAS IN THE DISTRICT SUCH AS PROCUREMENT, MEDICAID, AND EDUCATION PROGRAMS.

FOR FY 2011, THE AUDIT DIVISION ISSUED 29 REPORTS WITH TOTAL POTENTIAL MONETARY BENEFITS OF APPROXIMATELY \$28.2 MILLION. WHEN COMPARING THESE POTENTIAL MONETARY BENEFITS TO AUDIT DIVISION COSTS OF APPROXIMATELY \$2.9 MILLION, THE RESULT IS A RETURN ON INVESTMENT FOR AUDITS PERFORMED BY OIG AUDIT STAFF THAT EXCEEDS \$10 FOR EACH DOLLAR INVESTED. IN LIGHT OF CONTINUING ECONOMIC CONDITIONS, THE AUDIT DIVISION AGREED TO ELIMINATE AUDIT POSITIONS, YET CONTINUED TO REMAIN PROACTIVE WITH LIMITED RESOURCES.

THE INSPECTIONS AND EVALUATIONS DIVISION (I&E) IS TASKED WITH CONDUCTING INSPECTIONS AND RE-INSPECTIONS OF DISTRICT AGENCIES, AS WELL AS SPECIAL EVALUATIONS REQUESTED BY BOTH THE COUNCIL AND THE MAYOR. SINCE THE DATE OF LAST YEAR'S BUDGET HEARING, I&E HAS PROVIDED DISTRICT AGENCIES WITH 72 FINDINGS AND 110 RECOMMENDATIONS AIMED AT IMPROVING THEIR INTERNAL OPERATIONS AND THE SERVICES THEY PROVIDE.

AS REFLECTED IN OUR REPORTS, WHICH ARE DISTRIBUTED TO THE LEGISLATIVE AND EXECUTIVE BRANCHES TO ASSIST THEM IN THEIR OVERSIGHT RESPONSIBILITIES AND PUBLISHED ON OUR WEBSITE FOR PUBLIC

ACCESSIBILITY, THE OIG WILL CONTINUE TO STRIVE TO PROMOTE ECONOMY, EFFICIENCY, AND EFFECTIVENESS IN DISTRICT PROGRAMS AND OPERATIONS. THE OIG HAS DONE AND WILL CONTINUE TO DO THIS BY, AMONG OTHER THINGS, EXPOSING IMPROPRIETIES BY EMPLOYEES AT ALL LEVELS, INCLUDING AGENCY DIRECTORS, REFERRING MATTERS TO APPROPRIATE LAW ENFORCEMENT ENTITIES, SUCH AS THE UNITED STATES ATTORNEY'S OFFICE AND THE OFFICE OF THE ATTORNEY GENERAL FOR PROSECUTION, EXPOSING OPERATIONAL DEFICIENCIES, AND ENCOURAGING, THROUGH ALL THE RESOURCES AT ITS DISPOSAL, THE ADOPTION OF CORRECTIVE ACTIONS.

FINALLY, AS I HAVE PREVIOUSLY STATED AND CONTINUE TO BELIEVE, ALTHOUGH CONGRESSIONAL LEGISLATION PROTECTS THE INSPECTOR GENERAL'S BUDGET REQUEST AS A MEANS OF ENSURING INDEPENDENT AND EFFECTIVE OVERSIGHT OPERATIONS, I BELIEVE THAT OUR PERFORMANCE OUTPUTS AND OTHER CONTRIBUTIONS TO GOOD GOVERNANCE PROVIDE A SEPARATE BASIS TO JUSTIFY OUR BUDGETARY REQUIREMENTS.

THIS CONCLUDES MY TESTIMONY, AND I WILL BE HAPPY TO ANSWER ANY QUESTIONS THAT YOU MAY HAVE.